

Message Text

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ORIGIN AF-18

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

STR-08 CEA-02 H-03 PA-04 PRS-01 USIA-15 IO-14 L-03

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DRAFTED BY AF/W:JKBISHOP:RCB

APPROVED BY AF:RSSMITH

AF/W:JLLOUGHRAN

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TO AMEMBASSY ACCRA

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E.O. 11652: N/A

TAGS: EFIN, EAID, PFOR, IBRD, GH

SUBJECT: GHANA DEBT: SECOND ROUND NEGOTIATIONS

REF: A. LONDON 00427 (NOTAL); B. STATE 001964 (NOTAL).

1. DEPARTMENT HAS INFORMED BRITISH EMBASSY WASHINGTON THAT
USG CONCURS IN FOLLOWING SCENARIO PROPOSED BY FCO.

A. CREDITORS AGREE OFFER GOG REVISED RESCHEDULING
FORMULA OF 10 YEAR GRACE PERIOD, SUBSEQUENT 18 YEAR REPAY-
MENT PERIOD, AND 2.5 PERCENT INTEREST RATE. CREDITORS
STATE THAT OFFER CONTINGENT ON ACCEPTANCE BY GOG OF QUOTE
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SUBSTANCE OF THE PROVISIONS OF THE AGREED MINUTE SUB-

MITTED BY THE CREDITORS UNDER COVER OF MR. LEQUESNE'S LETTER OF DECEMBER 13 UNQUOTE. CREDITORS INFORM GHANAIS THERE MAY BE SOME LANGUAGE CHANGES PROPOSED WHEN ONGOING LAWYERS' REVIEW OF DRAFT AGREED MINUTE COMPLETED (BRITISH EXPECT TO CIRCULATE SUGGESTED CHANGES TO OTHER CREDITORS PRIOR SUBMITTING TO GOG).

B. ONCE ALL CREDITORS HAVE AGREED TO COSPONSOR REVISED FORMULA DESCRIBED PARA A ABOVE, HMG WILL DRAFT MESSAGE FROM LEQUESNE TO ASHLEY-LASSEN CONTAINING THIS PROPOSAL. DRAFT WILL BE CIRCULATED TO CREDITORS FOR THEIR APPROVAL.

C. LEQUESNE MESSAGE WOULD MAKE CLEAR THAT CREDITORS NOT PREPARED GO TO ROME TO HAGGLE. CREDIORS WOULD GO TO

ROME FOR WHAT MUST BE FINAL MEETING, ONLY ON CONDITION THAT GHANAIS HAD ACCEPTED REPAYMENT TERMS AND THAT AGREE-
MENT HAD BEEN REACHED ON OTHER PROVISIONS OF AGREED MINUTE.

D. IF GHANAIS ACCEPT MAIN TERMS BUT REQUEST OTHER CHANGES IN AGREED MINUTE, IT MAY BE NECESSARY FOR CREDITORS TO MEET SOON AFTER THEY HAVE THE GHANAIAN REPLY. IF GHANAIS REQUESTED ONLY MINOR CHANGES, CREDITORS COULD MEET IN ROME PRIOR TO SEEING GHANAIS.

E. ALTHOUGH ASHLEY-LASSEN HAD SUGGESTED TO LEQUESNE IT MIGHT BE WISE TO DEFER SECOND ROUND UNTIL MAY, WHEN CONTRACT REVIEW WILL HAVE BEEN COMPLETED, CREDITORS SHOULD INFORM GOG THEY BELIEVE IT WISER TO TAKE ADVANTAGE MOMENTUM ALREADY ACHIEVED AND MEET DURING FIRST HALF FEBRUARY. (DEPARTMENT SUGGESTED TO BRITISH EMBASSY THAT LEQUESNE LETTER STRESS THAT DELAY UNTIL MAY COULD CALL REVISED TERMS INTO QUESTION GIVEN WORSENING ECONOMIC SITUATION IN CREDITOR COUNTRIES.) RUSH

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